


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

June 24, 2019

MEMORANDUM

To: Mr. James N. D'Andrea, Principal
Northwest High School

From: Roger W. Pisha, Supervisor, Internal Audit Unit 

Subject: Report on Audit of Independent Activity Funds for the Period
May 1, 2018, through April 30, 2019

Independent Activity Funds (IAFs) of Montgomery County Public Schools (MCPS) are established to promote the general welfare, education, and morale of students, as well as to finance the recognized extracurricular activities of the student body. School principals are the fiduciary agents for the IAFs charged with determining the manner in which funds are raised and expended for activities such as field trips, admission events, and fundraisers. They are responsible for ensuring that the IAFs are administered in accordance with Board of Education policies, MCPS regulations, and procedures.

The IAF audits are conducted regularly to evaluate compliance with policies, regulations, and procedures, and to review processes for continuous improvement. Generally accepted audit procedures guide the work of the auditors who examine samples of the IAF records and financial accounts selected from documentation of various activities to verify their accuracy, as well as to assess the effectiveness of financial control procedures. An IAF audit does not review every transaction or school activity, but seeks to provide reasonable assurance that any significant errors or omissions in the financial records are detected.

At our June 3, 2019, meeting with you; Mrs. Lori C. Knight, school business administrator; and Mrs. Kathy L. Serbin, school financial specialist, we reviewed our prior audit report dated June 25, 2018, and the status of present conditions. This audit report presents the findings and recommendations resulting from our examination of the IAF records and financial accounts for your school for the period designated above.

Findings and Recommendations

Cash and checks collected by sponsors for IAF activities should be remitted promptly to the school financial specialist. Remittances received should, in turn, be promptly deposited into the school's bank account. In addition, all remittances on hand must be deposited before each weekend or holiday (refer to *MCPS Financial Manual*, chapter 7, page 4). We noted that staff collecting funds for drama, athletics, field trips, fund-raisers were holding rather than remitting them timely to the

school financial specialist. Also, the school financial specialist was not always making timely deposits, holding money in excess of permitted amounts. Infrequent deposits increase the possibility of a loss of funds and diminish the school's ability to fund activities. To minimize the risk of loss and provide for the availability of funds to meet school needs, all funds collected should be remitted to the school financial specialist daily for prompt deposit.

Summary of Recommendations

- Cash and checks collected by sponsors must be promptly remitted to the school financial specialist for prompt deposit.

Other matters were discussed and satisfactorily resolved. We appreciate the cooperation and assistance of your staff. In accordance with MCPS Regulation DIA-RA, *Accounting for Financial Operations/Independent Activity Funds*, using the attached form, please provide a written response to the Internal Audit Unit within 30 calendar days of this report. In your response, please share a detailed plan for addressing these issues, including appropriate staff training and support.

Prior to returning your completed audit action plan, please contact Dr. Adrienne L. Morrow, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Dr. Morrow will indicate whether she will conduct an electronic review of your action plan or schedule a time to meet in person with you and your school financial agents to support you with developing a well-defined plan to address the findings.

RWP:BK:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Dr. Williams

Mrs. Camp

Mrs. Chen

Ms. Diamond

Dr. Morrow

Mr. Tallur

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 2018-2019

Fiscal Year: 2018-2019

School: Northwest HS - 246

Principal: Jimmy D'Andrea

OSSI

Associate Superintendent: Eric Wilson

OSSI

Director: Adrienne Morrow

Strategic Improvement Focus:

As noted in the financial audit for the period 5/1/18 - 4/30/19, strategic improvements are required in the following business processes :

Cash and checks collected by sponsors must be promptly remitted to the school financial specialist for prompt deposit.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Continue to meet with sponsors whose duties include making daily deposits. Financial specialist to check dates on checks to ensure sponsors are adhering to the proper procedures. Financial specialist to make notations on deposit slip when monies are turned in after 3:00 p.m. or other situations arise.	Financial Specialist	Bank Statement	All seemingly late deposits will have an explanation written on Form 280-34.	School Business Administrator (Monthly) Principal (Quarterly)	Deposits recorded on bank statement and notations made on IAF Remittance form.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence

OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL

Approved Please revise and resubmit plan by _____

Comments:

Director: Adrienne L. Mowbray Date: 8/5/19